

IRS**News Release****Media Relations Office****Washington, D.C.****Tel. 202.622.4000****For Release: 4/03/02****Release No: IR-2002-42****IRS UPDATES WEB ITEM DEBUNKING FRIVOLOUS TAX ARGUMENTS**

WASHINGTON – The Internal Revenue Service has updated its Web site item that addresses false arguments about the legality of not paying taxes or filing returns. The revisions add several recent case citations and respond to one additional argument, making a total of 20 frivolous contentions that are addressed.

“Year after year, we hear these frivolous arguments about the legality of the income tax,” said IRS Commissioner Charles O. Rossotti. “Despite consistent rejection by the courts, unscrupulous promoters try to enrich themselves at their followers’ expense. We want people to know that there’s no legal basis for this bad advice, and there’s a real danger in following it.”

To debunk these assertions, the IRS Chief Counsel prepared a document addressing the most frequent topics and posted it to the IRS Web site last summer. “The Truth About Frivolous Tax Arguments” not only lays out the assertions, it also provides a summary of the law and relevant legal decisions involving these false claims. This is the first update of that posting.

There are links to the document from the “Newsroom” section’s “What’s Hot” page, the “News for Tax Professionals” and the “Topics for Individuals” pages of the IRS Web site, as well as from the “Tax Scams/ Fraud Alerts” link on the site’s home page at www.irs.gov. The direct URL is www.irs.gov/pub/irs-utl/friv_tax.pdf.

The IRS continues to investigate promoters of frivolous arguments and to refer cases to the Department of Justice for criminal prosecution. Taxpayers who file frivolous income tax returns face a \$500 penalty, and may be subject to civil penalties of 20 or 75 percent of the underpaid tax. Those who pursue frivolous tax cases in the courts may face a penalty of up to \$25,000, in addition to the taxes, interest and civil penalties that they may owe.

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